

CLASSIFICATION SECRET
CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

REPORT

CD NO.

ORIGIN: East Germany/USSR

DATE: 1954

SUBJECT: Camouflaged Reparations Payment to the USSR

NO. OF PAGES: 2

SUBJECT

PLACE
ACQUIRED

DATE
INFO

NO. OF ENTRIES: 25X1

SUPPLEMENTARY REPORT

This is UNEVALUATED Information

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25X1

- When the Soviets allegedly terminated the payment of reparations by East Germany, an arrangement was made with the East German government to the effect that all objects previously considered reparation objects, but not yet delivered to the USSR by the end of the reparations agreement, were to be considered export objects from 1 January 1954 on. This arrangement states that all costs caused by the completion of these objects from 1 January 1954 on were to be paid for by the USSR within the framework of East German-Soviet export trade.
- This rule was applied to those former German ships which were undergoing repairs in East German shipyards and were to be turned over to the USSR as reparations deliveries. Early in 1954, the Soviet trade delegation cleared the account for these ships with DIA and ostensibly paid for all repair costs to be incurred from 1 January 1954 until the completion of the repairs. Actually, East Germany did not receive any money for the completion of the repairs but the account was somehow cleared with DIA. As a consequence, East Germany was obligated to deliver the completed ships to the USSR, whereby all costs incurred until 31 December 1954 were considered reparations and all additional costs were considered export costs cleared by the arrangements between the Soviet trade delegation and DIA.
- In early December 1954, the Ministry for Machine Construction found out that the costs for the completion of the repair of the ships still in East German shipyards would amount to about 50 million DME. Since the "export account" concerning these ships has to be considered closed, this situation amounts to an obligation of East Germany to pay about 50 million DME to the USSR as camouflaged reparations deliveries. The costs refer mainly to the repair of the following vessels: SOVIETSKY SOYUZ, YURI DOLGORUKI, and ADMIRAL NAKHIMOV. All three ships are undergoing repairs at the Warnow-Werft in Warnemuende.

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STATE	NAVY	USSR	CONSTRUCTION
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REPORT

CD NO.

DATE DISTR. 23 February 1955

NO. OF PAGES 2

NO. OF ENCLS.
(LISTED BELOW)

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**SUPPLEMENT TO
REPORT NO.**

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES, WITHIN THE MEANING OF TITLES 18, 25, 50 AND 780 AND 784, OF THE U. S. CODE, AS AMENDED. FOR TECHNICAL REASONS OF OPERATION OF ITS CONTENTS TO BE SUBJECT BY AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. THE DISSEMINATION OF THIS INFORMATION IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

25X1

1. When the Soviets allegedly terminated the payment of reparations by 25X1 Germany, an arrangement was made with the East German government to the [redacted] objects previously considered reparation objects, but not [redacted] to the USSR by the end of the reparations agreement, were [redacted] export objects from 1 January 1954 on. This arrangement [redacted] that all costs caused by the completion of these [redacted] January 1954 on were to be paid for by the USSR within the [redacted] of East German-Soviet export trade.
2. This rule was applied to the [redacted] German ships which were undergoing repairs in East German ship [redacted] were to be turned over to the USSR as reparations deliveries. [redacted] 1954, the [redacted] cleared the account for these ships with DIA [redacted] repair costs to be incurred from 1 January 19 [redacted] the repairs. Actually, East Germany did not receive [redacted] for the completion of the repairs but the account was somehow [redacted] with DIA. As a consequence, East Germany was obligated to deliver the completed ships to the USSR, whereby all costs incurred until 31 December 1953 were considered reparations and all additional costs were considered export costs cleared by the arrangements between the [redacted] and DIA.
3. In early December 1954, the Ministry for Machine Construction found out that the costs for the completion of the repair of the ships still in East German ship yards would amount to about 50 million DME. Since the "export account" concerning these ships has to be considered closed, this situation amounts to an obligation of East Germany to pay about 50 million DME to the USSR as camouflaged reparations deliveries. The costs refer mainly [redacted] of the following vessels:
SOVIETSKY SOYUZ [redacted] All three ships are undergoing repair [redacted]

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